

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ADJUSTMENT OF RATES OF)	
AUXIER ROAD GAS COMPANY, INC.)	CASE NO. 10288-KK

ORDER

On April 10, 1991, in Case Nos. 10288-D and 10288-E, the Commission approved the Gas Cost Adjustment (GCA) Clause of Auxier Road Gas Company, Inc. (Auxier) allowing for the quarterly adjustment of its rates.

On November 24, 1999, Auxier filed its GCA to become effective from January 1, 2000 to March 31, 2000.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. In its notice of November 24, 1999 Auxier proposed revised rates designed to pass on to its customers its expected wholesale change in gas costs. Auxier proposed to calculate its Expected Gas Cost (EGC) based on a market-based estimate instead of its fixed price from Alliance Gas Company (Alliance) of \$2.90 per Mcf. Auxier s proposed EGC should be recalculated to reflect the \$2.90 per Mcf gas cost instead of the market-based citygate estimate that it used. Auxier s EGC should be \$3.2791 per Mcf, 3.76 cents per Mcf less than the prior EGC of \$3.3167.

2. Auxier s notice set out no refund adjustment.

3. Auxier s notice set out a current quarter actual adjustment (AA) of (1.94) cents per Mcf to reconcile gas cost from July, August and September 1999. The total

AA of (5.38) cents per Mcf reflects the current over-recovery as well as under- and over-recoveries from previous quarters. The total AA represents an increase of 2.46 cents per Mcf from the total AA previously in effect.

4. Auxier's notice set out a current quarter balance adjustment (BA) of (.2) cent per Mcf. The total BA of .6 cents per Mcf is composed of the current and previous quarter BAs, and represents an decrease of .4 cent per Mcf from the total BA previously in effect.

5. These adjustments produce a gas cost recovery rate of \$3.2313 per Mcf, a decrease of 1.70 cents per Mcf from the prior rate of \$3.2483 per Mcf.

6. The rate adjustment in the Appendix to this Order is fair, just and reasonable, in the public interest, and should be approved for service rendered on and after January 1, 2000.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Auxier are hereby denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after January 1, 2000.
3. Within 30 days of the date of this Order, Auxier shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 21st day of December, 1999.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10288-KK DATED DECEMBER 21, 1999

The following rates and charges are prescribed for the customers served by Auxier Road Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
First Mcf (Minimum Bill)	\$5.11	\$3.2313	\$8.3413
All Over 1 Mcf	4.2599	3.2313	\$7.4912

SUMMARY OF PURCHASED GAS ADJUSTMENT FILING

Case No. 10288-KK

Filing Date November 24, 1999

Utility Auxier Road Gas Company, Inc.

Proposed Effective Date Calendar Quarter Beginning January 1, 2000

Wholesale Gas Supplier AEI-KAARS Drilling, Equitable Resources
Alliance Energy

Filing reflects a:

Wholesale cost Decrease of 3.76 cents per Mcf
Retail rate Decrease of 1.70 cents per Mcf

Gas Cost Adjustment Components:

EGC	\$3.2791
RA	
AA	(.0538)
BA	<u>.0060</u>
GCR	\$3.2313

Prepared by: Dawn McGee

Date: December 9, 1999